

General Fund Financial Status

The General Fund Financial Status provides a summary of the State's financial condition including the impact of the Governor's 2003-2005 biennium budget and taxation proposals. While Nebraska operates with a biennial budget, the version of the Status shown in this document includes an additional two years of estimated revenues and appropriations for planning purposes.

The revenue portion of the Status shows the net General Fund tax receipts for the current fiscal year and the next biennium that were adopted by the Economic Forecasting Advisory Board at its meeting in October 2002. The net receipts projected for the following biennium were presented to the Tax Rate Review Committee in November of 2002 by the Legislative Fiscal Office. The Governor's 2003-2005 recommendations propose certain transfers which are reflected in the revenue portion of the General Fund Financial Status.

- ◆ The Governor is proposing the transfer of \$2.0 million in FY 2003-04 and \$2.0 million in FY 2004-05 from the Insurance Cash Fund to the General Fund (Per 44-116 R.R.S. 1998).
- ◆ The Governor is proposing the transfer of \$575,962 in FY 2003-04 and \$575,962 in FY 2004-05 from the Department of Motor Vehicles Cash Fund to the General Fund (Per 60-513 R.R.S. 1998).
- ◆ The Governor is proposing the transfer of \$100,000 in FY 2003-04 and \$50,000 in FY 2004-05 from the Motor Vehicle Industry Licensing Board Cash Fund to the General Fund (Per 60-1409 R.S. Supp., 2002).
- ◆ The Governor is proposing the transfer of \$2,970,000 in FY 2003-04 and \$1,090,000 in FY 2004-05 from the Tobacco Products Administration Cash Fund to the General Fund (Per 77-4025 R.S. Supp., 2002).
- ◆ The Governor is proposing the transfer of \$250,000 in FY 2003-04 and \$200,000 in FY 2004-05 from the Charitable Gaming Cash Fund to the General Fund (Per 9-1,101 R.S. Supp., 2002).
- ◆ The Governor is not proposing a transfer of \$150,000 in FY 2003-04 and \$150,000 in FY 2004-05 from the General Fund to the Trail Development Assistance Cash Fund.

The revenue portion of the General Fund Financial Status reflects the Governor's recommendation to continue the cigarette and tobacco products tax increases provided for in LB1085 which was enacted during the 2002 regular legislative session. The Governor also proposes to increase the cigarette tax an additional 20 cents and the tobacco products tax an additional five percent on July 1, 2003. Increased receipts from the cigarette tax changes are deposited to the General Fund. Increased receipts from the tobacco products tax are deposited to the Tobacco Products Administration Cash Fund and later transferred to the General Fund.

The appropriations shown for the current fiscal year 2002-03 are those adopted during the 2001 regular session and further amended during the first special session, 2002 regular session, and second special session of the 97th Legislature. The Status also reflects recommended FY 2002-03 budget adjustments and an allocation for the 2003 claims bill for consideration during this 2003 regular session of the 98th Legislature. The Governor's budget recommendations for FY 2003-04 and FY 2004-05 of the next biennium are also shown.

The ending balance portion of the Status shows the projected General Fund balance at the end of each fiscal year and biennium based upon current tax receipt forecasts, other projected revenue, and 100 percent expenditure of appropriated General Funds. For the next biennium, the biennial period for which the Governor is making recommendations, the projected balance exceeds the statutory minimum requirement of three percent. For the following biennium (2005-2007) planning purposes, the Governor is recommending a General Fund reserve of approximately five percent and allowance for potential deficits equal to one percent of annual appropriations. This provides protection against unavoidable costs and deterioration of optimistic receipts projections included for the following 2005-2007 biennium. The balances shown on the General Fund Financial Status do not include balances in the Cash Reserve Fund. The Governor proposes no transfers from the Cash Reserve Fund to the General Fund. The Governor reaffirms the transfer of \$22.5 million scheduled in FY 2004-05 and recommends planning for a \$35.0 million transfer in FY 2005-06 from the General Fund to the Cash Reserve Fund to preserve and further rebuild the Cash Reserve Fund.

General Fund Financial Status

General Fund Financial Status	Current	Next Biennium		Following Biennium	
	FY2002-03	FY2003-04	FY2004-05	FY2005-06	FY2006-07
Beginning Balance					
Beginning Cash Balance	\$55,970,978	(\$20,070,736)	\$90,950,618	\$163,034,002	\$206,628,069
Carryover obligations from FY02	(74,947,167)				
Allocation for potential deficits		(5,000,000)	(5,000,000)	(28,000,000)	(30,000,000)
Unobligated Beginning Balance	(18,976,189)	(25,070,736)	85,950,618	135,034,002	176,628,069
Revenues					
Net Receipts (NEFAB; LFO Hist. Avg.)	2,556,000,000	2,635,000,000	2,688,000,000	2,848,000,000	3,048,000,000
General Fund transfers-out	(4,500,000)	(1,650,000)	(1,650,000)	(1,650,000)	(1,650,000)
General Fund transfers-in	In Receipts	In Receipts	In Receipts		
Cash Reserve Fund transfers-current	87,400,000		(22,500,000)		
Cig. Tax-Cont. 30 cents (10/1/04) and add 20 cents (7/1/03)		21,710,000	47,040,000	56,220,000	56,010,000
Tobacco Products Tax -Cont. 5% increase (10/1/04)			850,000	1,070,000	1,010,000
Tob. Products Cash-increase tax (7/01/03) and transfer in		2,970,000	1,090,000		
Charitable Gaming Cash transfer-in		250,000	200,000		
DMV Cash transfer-in	1,000,000	575,962	575,962		
Insurance Cash transfer-in		2,000,000	2,000,000		
MV Industry Lic. Bd. Cash transfer-in	100,000	100,000	50,000		
Trail Development Assistance transfer-eliminate		150,000	150,000		
DAS Insurance Revolving Fund transfer-out	(800,000)				
Cash Reserve Fund transfer-new				(35,000,000)	
General Fund Net Revenues	2,639,200,000	2,661,105,962	2,715,805,962	2,868,640,000	3,103,370,000
Appropriations					
Appropriations following 2002 - 3rd Special Session	2,621,296,239	2,621,296,239	2,621,296,239	2,621,296,239	2,621,296,239
Claims Bill	164,337				
Deficit Recommendation	18,833,971				
Budget Recommendations		(76,211,631)	17,426,339	17,426,339	17,426,339
Allowable growth - following biennium				158,323,355	326,146,111
General Fund Appropriations	2,640,294,547	2,545,084,608	2,638,722,578	2,797,045,933	2,964,868,689
Ending Balance					
Dollar ending balance	(20,070,736)	90,950,618	163,034,002	206,628,069	315,129,381
Biennial Reserve (%)	-0.38%	--	3.14%	--	5.41%
Variance from Minimum Reserve	(174,260,077)	--	7,009,501	--	22,984,428
Minimum Reserve	154,189,341	--	156,024,501	--	292,144,952
Annual Spending Growth	1.60%	-3.61%	3.68%	6.00%	6.00%
Two Year Average Growth	3.23%	--	-0.03%	--	6.00%